Executive Summary
Direct Investigation Report

Utilisation of Low-charge Hospital Beds in Private Hospitals

Introduction

Two private hospitals in Hong Kong (hereunder referred to as "Hospital A" and "Hospital B") are required to comply with the land grant conditions and provide no less than 20% of their total beds as low-charge hospital beds. As at December 2019, the two hospitals are providing a total of 164 low-charge beds. The relevant requirements stipulate that the daily hospital charges for a low-charge bed shall not exceed the maximum fee charged for a third-class bed in public hospitals[1], while other hospital charges shall not exceed half the similar charges for a second-class bed in the private hospital concerned.

2. The number of low-charge beds may not appear to be high, but if each patient stays for two to four days on average and the admission rates of the low-charge beds reach 80%, these beds can handle about 12,000 to 24,000 attendances of patients each year. Optimising the use of low-charge beds can help alleviate the burden of the entire healthcare system and complement with the Government policy to encourage the use of private healthcare services.

3. Prior to 2012, the two private hospitals had not strictly complied with the requirements for low-charge beds under the land grant conditions. In response to the Audit Commission's criticism in its report in 2012 ("the 2012 Report"), the Government has gradually stepped up its monitoring of these hospitals' compliance with land grant conditions with regard to their provision of low-charge beds. Besides, the Government has recommended the two hospitals to introduce measures to improve the utilisation rates of

---

[1] In December 2019, the daily fee for a third-class bed in public hospitals was $120.

their low-charge beds. We appreciate the Government's positive attitude and efforts in this aspect.

4. That said, this direct investigation has revealed room for improvement in the Government's promotion of the use of low-charge beds as well as in the referral arrangements between the Hospital Authority ("HA") and the two private hospitals during influenza surges.

Our Findings

(I) Government Should Keep Observing and Reviewing Policy of Low-charge Beds

5. The Government noted that as the land grant conditions for the two private hospitals do not include conditions on the use of low-charge beds (including their utilisation rates), it is difficult to enforce the relevant requirements. Moreover, provision of low-charge beds had had little effect on encouraging members of the public to go to private instead of public hospitals. Hence, in January 2011, the Executive Council ("ExCo") decided to introduce the requirements for service packages to replace those for low-charge beds when renewing the land leases with private hospitals.

6. When ExCo made that decision in January 2011, the requirements for low-charge beds had not been effectively implemented and the utilisation rates of those beds were very low. In Hospital A's case, the utilisation rates of low-charge beds were then between 23% and 45%[2]. Compared with the utilisation rates in or before 2011, there have been significant improvement. Currently, the utilisation rates in Hospital A and Hospital B could reach 70% to 80%. Given that there are many years ahead before the land leases for Hospital A and Hospital B expire in 2047 and 2060 respectively, we consider that it is worth reviewing the Government's policy of low-charge beds before the land leases concerned expire.

---

[2] In the aforesaid 2012 report, the utilisation rate of low-charge beds in Hospital A in 2008 was 1%, and the relevant rates between 2009 and 2011 ranged from 23% to 45%.

7. Although the Government stressed that provision of low-charge beds has not helped much in encouraging public hospital patients to switch to the private healthcare services, we still find those low-charge beds useful in that they provide incentive to people who can afford private healthcare services and help alleviate the burden of public hospitals under HA when necessary. Furthermore, inclusion of the requirements for low-charge beds in the land grant conditions has given a clear indication to the private hospitals concerned that land grants at concessionary premiums come with social responsibility. Upon strengthening the Government's enforcement of the requirements, there were marked increases in the utilisation rates of low-charge beds. That means proper implementation of the requirements is not impossible.

8. The policy of low-charge beds provides incentive for people who can afford private healthcare services and is complementary to service packages and voluntary medical insurance introduced in recent years. Service packages and low-charge beds are not contradictory, and there is no need for the Government to choose between them. One possible option is to let private hospitals offer low-priced service packages using their low-charge beds.

9. We are of the view that provision of service packages in private hospitals is still at an initial stage. The Government should closely monitor the use of low-charge beds, and proactively explore ways to better utilise those beds and revisit the relevant policy when reviewing that of service packages.

(II) HA Should Better Utilise Low-charge Beds to Divert Patients to Private Healthcare Sector

10. In recent years, the Government has attempted to address the imbalance in demand between the public and private healthcare services by encouraging those who could afford higher charges to go to the private sector. In our view, although HA is under no obligation to monitor and improve the utilisation of low-charge beds, better utilisation of those beds can help alleviate the burden of public hospitals and spare more resources for patients in need. This direct investigation has revealed the following areas for

improvement in HA's use of low-charge beds to divert patients to the private healthcare sector.

(1) Introducing Measures to Address the Ineffectiveness of Referral Agreements during Influenza Surges

11. HA has signed agreements with Hospital A and Hospital B to refer inpatients of public hospital to use their low-charge beds during outbreaks of infectious diseases or influenza surges. Yet, during the three previous influenza surges[3] when the referral agreements were activated, HA had referred only a very small number of patients[4]. In two influenza surges, Hospital B had only accepted two public hospital patients in total.

12. HA's explanation was that strict criteria for referral were necessary to ensure patients' safety. Thus, only patients in stable clinical conditions could be referred. In selecting cases, frontline staff found that most patients were not suitable for referral. Nonetheless, we find it necessary that HA investigate why patient referrals during influenza surges have been ineffective and review the existing arrangements.

Explore Relaxation of Restrictions on Referral of Patients

13. We understand that it is rather difficult for HA to select suitable cases for referral among emergency cases from surgical and medicine wards, which are particularly under stress during influenza surges. On the other hand, some of the patients in the surgical and medicine wards may need to be transferred to other wards such as convalescent and infirmary wards for continual care or other therapies when their condition becomes stable. We are of the view that HA could explore the relaxation of restrictions on referral of patient (including the 7-day limit of stay), and consider also patients from other wards, such as convalescent/infirmary

---

[3] The 2017/18 summer and winter surges of influenza and the 2018/19 winter surge of influenza.

[4] Hospital A accepted 25 to 35 patients referred during each influenza surge while Hospital B accepted two in total.

wards. Hence, the turnover rates of hospital beds could be enhanced, thereby alleviating the burden on the surgical and medicine wards.

Improve and Simplify the Administrative Work of Referrals

14. A public hospital doctor revealed to us that public hospitals did not have adequate manpower to select suitable patients for referrals, and they had to cope with the heavy workload brought by the relevant administrative work. Hence, the selection could only be made on weekdays. In our view, the arrangement of referral is meant to alleviate the burden of public hospitals during influenza surges. If the relevant administrative work is too complicated, it will defeat the purpose of such arrangement and discourage frontline staff from referring patients to use low-charge beds. HA should explore ways to simplify the administrative work in selecting patients for referral.

15. Moreover, while the referral agreements are activated, the two private hospitals are required to reserve certain numbers of low-charge beds for patient referrals. Previously, many of those beds were wasted as the numbers of referrals had been very small. HA should, therefore, collaborate with the two private hospitals on improving the flexibility of the reservation arrangement.

Consider Making Referral to Use Low-charge Beds a Standing Arrangement

16. In our opinion, depending on the effectiveness of referrals in future, HA can proactively explore the feasibility of making standing arrangements for referrals of patients beyond influenza surges, so that they do not need to wait until the public hospitals are already under great pressure. Besides, medical personnel can have more time to arrange referrals during off-peak seasons and gain experience in making referrals, thus enhancing its overall effectiveness.

(2) Exploring Feasible Ways to Better Utilise Low-charge Beds

17. In addition, we consider that HA should collaborate with the two private hospitals to explore other feasible measures to better utilise the low-charge beds so as to divert patients from public hospitals. Feasible measures may include ways to encourage those patients who have made appointments or are waiting to receive treatment to use the low-charge beds in private hospitals. For example, the private hospitals can offer more concessionary terms or provide low-priced service packages to public hospital patients who agree to use low-charge beds. Moreover, subject to the needs for public hospitals' services, HA can examine which items of hospitalisation are suitable for offering subsidies to patients to use low-charge beds under public-private partnership programmes.

(III) The Government Should Explore Ways to Further Publicise Use of Low-charge Beds

18. Since we declared the launch of this direct investigation in July 2019, there were public responses showing that many people including private medical practitioners are not aware of the low-charge bed services. We consider that the Government can further publicise such services and improve the utilisation rates by addressing the following aspects.

(1) <u>Strengthening Promotion of Low-charge Beds among Public Hospital Patients</u>

19. The Department of Health ("DH") considered that it should not be assisting private hospitals in the publicity or promotion of their services (including the low-charge bed services) to avoid conflicts with its role as the monitoring authority. We should point out that provision of low-charge beds originated from the land grants to the two private hospitals due to the concessionary premiums offered, and therefore, those beds involve public resources and are different from commodities and services provided by ordinary private organisations. Hence, the Government should provide the public with sufficient information about low-charge beds.

20. In our opinion, the Government could use various channels to

step up its promotion of low-charge beds among members of the public, such as putting up posters or notices in public hospitals under HA. It should also proactively explore other means to make low-charge beds more appealing to patients who can afford higher charges so that they would be encouraged to use private healthcare services. For example, the Government could suggest that private hospitals offer low-priced service packages using their low-charge beds.

(2) Encouraging Hospital B to Provide More Low-charge Beds in Its New Wing

21. Low-charge beds in Hospital B are located within the hospital's Old Wing since the hospital started to provide such services. Relevant information shows that most patients of Hospital B refused to use low-charge beds because they wanted to be admitted to the wards in the New Wing. In response to the Government's proposal, Hospital B started to provide low-charge beds in the Surgical and Gynaecology Wards in its New Wing in 2018, but most of the hospital's low-charge beds are still in its Old Wing. We consider that the Government can discuss with Hospital B on further increasing the number of low-charge beds in the New Wing.

(3) Recommend Private Hospitals To More Actively Publicise Their Low-charge Beds and Improve the Provision

22. The Government should discuss with the private hospitals whether they can use their websites or other channels to enhance publicity of the low-charge beds. They can follow the practice of car parks to display the number of available low-charge beds in real time at the hospital lobby as well as releasing regularly the utilisation rates of such beds.

23. Moreover, some patients are reluctant to use low-charge beds because they are concerned about being labelled, or they misunderstand that the equipment and services of such beds are of lower standards. The Government should suggest that the two hospitals address such misunderstanding and negative impression. For example, the hospitals can indicate clearly that low-charge beds

are of the same standards and they deliver the same services as ordinary hospital beds do. The hospitals can also rename such beds, giving them a more positive connotation (e.g. concessionary beds). Furthermore, as private medical practitioners often refer patients to public or private hospitals, the two private hospitals can provide regular information to all private medical practitioners in Hong Kong on the low-charge bed services.

Recommendations

24. In view of the above, The Ombudsman has made the following nine recommendations to **the Food and Health Bureau (“FHB”), DH and HA**:

FHB and DH

(1) proactively explore ways to better utilise low-charge beds and revisit the relevant policy when reviewing the policy of service packages;

(2) make good use of various channels to strengthen its promotion of low-charge beds among members of the public, such as putting up posters or notices in public hospitals;

(3) proactively explore other means to make low-charge beds more appealing, such as making suggestions to the two private hospitals about using their low-charge beds to offer service packages at lower prices;

(4) discuss with Hospital B on further increasing the number of low-charge beds in its New Wing;

(5) suggest the two private hospitals enhance the publicity of their low-charge beds, such as providing regular information to all private medical practitioners in Hong Kong on the low-charge bed services, and addressing the misunderstanding and negative impression that patients might have about those beds;

HA

(6) review the arrangement for referral of patients during influenza surges to investigate why it has been ineffective, review the existing arrangements and make improvement. For example, relaxing the restrictions on referral of patients and simplifying the relevant administrative work;

(7) improve the reservation arrangement for low-charge beds when the referral agreements are activated during influenza surges to avoid wasting resources;

(8) depending on the effectiveness of referrals in future, proactively consider allowing such referrals to be made beyond influenza surges; and

(9) collaborate with the two private hospitals to explore other feasible measures to better utilise the low-charge beds for diversion of public hospital patients, such as encouraging patients who have made appointments or are waiting to receive treatment to use the low-charge beds in private hospitals, and to explore the possibility of referring patients to low-charge beds under public-private partnership programmes.

Office of The Ombudsman
July 2020